

QUARTERLY REPORT

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Quarter Ended September 30, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

SEPTEMBER 30, 2002 AND 2001*

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001** (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 9,352	\$ 10,493
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2002, \$ 743 ; 2001, \$ 821). NOTE 2.	2,014	3,049
4	Inventories.	1,288	2,542
5	Prepaid expenses and other current assets.	1,800	1,418
6	Total current assets.	14,454	17,502
7	Investments, Advances, and Receivables. NOTES 1 and 3.	5,778	5,092
8	Property and Equipment - Gross. NOTES 1 and 4.	83,604	72,257
9	Less: Accumulated Depreciation/Amortization. NOTES 1 and 4.	(3,908)	(721)
10	Property and Equipment - Net.	79,696	71,536
11	Other Assets. NOTE 5.	17,592	17,223
12	Total Assets.	\$ 117,520	\$ 111,353
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 1,353	\$ 4,077
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	-	-
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	12,571	12,057
19	Other current liabilities. NOTE 7.	17,854	9,902
20	Total current liabilities.	31,778	26,036
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	50,000	50,000
22	Other.	-	-
23	Deferred Credits.	-	-
24	Other Liabilities.	430	453
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	82,208	76,489
27	Stockholders', Partners', Or Proprietor's Equity.	35,312	34,864
28	Total Liabilities And Equity.	\$ 117,520	\$ 111,353

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001** (d)
	REVENUE:		
1	Casino	\$ 119,386	\$ 54,150
2	Rooms	9,026	5,007
3	Food and Beverage	14,590	6,305
4	Other	2,788	764
5	Total Revenue	145,790	66,226
6	Less: Promotional allowances	32,078	14,618
7	Net Revenue	113,712	51,608
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	82,357	36,030
9	Selling, General, and Administrative	17,881	8,862
10	Provision for Doubtful Accounts	293	156
11	Total costs and expenses	100,531	45,048
12	Gross Operating Profit	13,181	6,560
13	Depreciation and amortization NOTE 1...	2,518	866
	Charges from affiliates other than interest:		
14	Management fees NOTE 9....	3,842	1,739
15	Other	---	---
16	Income (Loss) from Operations	6,821	3,955
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 7....	(3,188)	(1,417)
18	Interest (expense) - external	(7)	(4)
19	Investment alternative tax and related income (expense) - net	(925)	(311)
20	Non-operating income (expense) - net NOTE 10...	137	83
21	Total other income (expenses)	(3,983)	(1,649)
22	Income (Loss) Before Income Taxes and Extraordinary Items	2,838	2,306
23	Provision (credit) for income taxes	1,161	942
24	Income (Loss) Before Extraordinary Items	1,677	1,364
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 1,677	\$ 1,364

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION	2002	2001*
(a)	(b)	(c)	(d)
	REVENUE:		
1	Casino	\$ 42,647	\$ 41,377
2	Rooms	3,370	3,930
3	Food and Beverage	5,328	4,844
4	Other	1,156	614
5	Total Revenue	52,501	50,765
6	Less: Promotional allowances	11,621	11,218
7	Net Revenue	40,880	39,547
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	28,474	27,211
9	Selling, General, and Administrative	5,991	6,674
10	Provision for Doubtful Accounts	55	115
11	Total costs and expenses	34,520	34,000
12	Gross Operating Profit	6,360	5,547
13	Depreciation and amortization NOTE 1...	949	630
	Charges from affiliates other than interest:		
14	Management fees NOTE 9...	1,379	1,322
15	Other	---	---
16	Income (Loss) from Operations	4,032	3,595
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 7...	(1,063)	(1,063)
18	Interest (expense) - external	0	(4)
19	Investment alternative tax and related income (expense) - net	(414)	(255)
20	Non-operating income (expense) - net NOTE 10...	26	61
21	Total other income (expenses)	(1,451)	(1,261)
22	Income (Loss) Before Income Taxes and Extraordinary Items	2,581	2,334
23	Provision (credit) for income taxes	1,054	942
24	Income (Loss) Before Extraordinary Items	1,527	1,392
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 1,527	\$ 1,392

* Restated to conform to the 2002 presentation.

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STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2002

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - in Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000	100	\$ 0			\$ 0		\$ 0	\$ 0
2	Net Income - 2001							135	135
3	Contribution to Paid - In Capital					33,500			33,500
4	Dividends								
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2001	100	0			33,500		135	33,635
11	Net Income (Loss) - 2002							1,677	1,677
12	Contribution to Paid - In Capital								
13	Dividends								
14	Prior Period Adjustments								
15	Distribution to PPE								
16									
17									
18									
19	Balance, September 30, 2002	100	\$ 0			\$ 33,500		\$ 1,812	\$ 35,312

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2002 (c)	2001** (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 5,964	\$ 3,146
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	—	—
3	Proceeds from the sale of short-term investment securities	—	—
4	Purchase outflows for property and equipment	(10,768)	(4,204)
5	Proceeds from disposition of property and equipment	46	—
6	Purchase of casino reinvestment obligations	(1,540)	(669)
7	Purchase of other investments and loans/advances made	—	—
8	Proceeds from disposal of investments and collection of advances and long-term receivables	166	—
9	Cash outflows to acquire business entities	—	6,239
10	—	—
11	Net book values of disposals	—	—
12	Net Cash Provided (Used) By Investing Activities	(12,096)	1,366
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	—	—
14	Payments to settle short-term debt	—	—
15	Cash proceeds from issuance of long-term debt	—	—
16	Costs of issuing debt	—	—
17	Payments to settle long-term debt	—	—
18	Cash proceeds from issuing stock or capital contributions	—	—
19	Purchases of treasury stock	—	—
20	Payments of dividends or capital withdrawals	—	—
21	Change in payable to/receivable from affiliate	3,769	5,981
22	—	—
23	Net Cash Provided (Used) By Financing Activities	3,769	5,981
24	Net Increase (Decrease) In Cash And Cash Equivalents	(2,363)	10,493
25	Cash And Cash Equivalents At Beginning Of Period	11,715	—
26	Cash And Cash Equivalents At End Of Period	\$ 9,352	\$ 10,493

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 3,195	\$ 1,421
28	Income taxes	\$ 1,161	\$ 942

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2002 (c)	2001** (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 1,677	\$ 1,364
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	2,518	721
31	Amortization of other assets	—	145
32	Amortization of Debt Discount or Premium	—	—
33	Deferred income taxes - current	—	—
34	Deferred income taxes - noncurrent	—	—
35	(Gain) loss on disposition of property and equipment	25	—
36	(Gain) loss on casino reinvestment obligations	925	311
37	(Gain) loss from other investment activities	—	—
38	Net (increase) decrease in receivables and patrons' checks	455	773
39	Net (increase) decrease in inventories	1,016	224
40	Net (increase) decrease in other current assets	(822)	(607)
41	Net (increase) decrease in other assets	11	(25)
42	Net increase (decrease) in accounts payables	(2,116)	951
43	Net increase (decrease) in other current liabilities excluding debt	2,291	(697)
44	Net decrease in other noncurrent liabilities excluding debt	(16)	(14)
45	Loss on extinguishment of debt, net of income tax benefit	—	—
46	Amortization of CRDA assets	—	—
47	Net Cash Provided (Used) By Operating Activities	\$ 5,964	\$ 3,146

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ (10,768)	\$ (4,204)
49	Less: Capital lease obligations incurred	—	—
50	Cash Outflows For Property And Equipment	\$ (10,768)	\$ (4,204)
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ —	\$ 68,053
52	Goodwill acquired	—	17,302
53	Net assets acquired other than cash, goodwill, and property and equipment	—	(8,094)
54	Long-term debt assumed	—	(50,000)
55	Issuance of stock or capital invested	—	(33,500)
56	Cash Outflows To Acquire Business Entities	\$ —	\$ (6,239)
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ —	\$ —
58	Less: Issuances to settle long-term debt	—	—
59	Consideration in acquisition of business entities	—	—
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ —	\$ —

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	31,462	\$ 2,031		\$
2	Food	211,324	2,428		
3	Beverage	285,253	1,642		
4	Travel			344	72
5	Bus Program Cash	171,916	2,398		
6	Other Cash Complimentarie	174,901	3,025		
7	Entertainment	10,932	82	18,361	339
8	Retail & Non-Cash Gifts	1,909	15	17,164	712
9	Parking			0	0
10	Other *	0	0	73,056	296
11	Total	887,697	\$ 11,621	108,925	\$ 1,419

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	84,534	\$ 5,552		\$
2	Food	575,210	6,728		
3	Beverage	844,838	4,748		
4	Travel			3,097	182
5	Bus Program Cash	502,775	6,831		
6	Other Cash Complimentarie	502,449	7,883		
7	Entertainment	34,975	310	66,388	773
8	Retail & Non-Cash Gifts	3,235	26	91,053	2,248
9	Parking				
10	Other *			187,173	830
11	Total	2,548,016	\$ 32,078	347,711	\$ 4,033

* No item in this category exceeds 5%.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Bally's Skyscraper Inc. ("BSI" or the "Company"), a New Jersey Corporation, was formed to purchase the assets and assume certain liabilities (collectively, the "Net Assets") of The Claridge at Park Place, Incorporated ("CPPI") and Atlantic City Boardwalk Associates, LP ("ACBA"). BSI is a wholly-owned subsidiary of Bally's Park Place, Incorporated ("Bally's Atlantic City"), which is a wholly-owned subsidiary of Park Place Entertainment Corporation ("PPE"). BSI was formally granted a gaming license by the New Jersey Casino Control Commission (the "Commission") on May 30, 2001. Since June 1, 2001, the effective date of the Net Asset purchase, the Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Claridge Casino Hotel." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2001.

The purchase price paid by BSI for the Net Assets was \$65 million, which was funded through a note issued by Park Place Finance Corporation ("PPFC") for \$50 million, and an equity contribution from Bally's Atlantic City. The acquisition was accounted for using the purchase method of accounting. The purchase price has been allocated based on estimated fair values at the date of acquisition. The excess of the purchase price over the Net Assets has been recorded by BSI as goodwill.

On September 23, 2002, the Company and Bally's Atlantic City petitioned the Commission to allow a merger combining BSI with and into Bally's Atlantic City. A hearing on the matter is scheduled for December 11, 2002. If the petition is approved by the Commission, a certificate of merger will be filed combining the two entities.

The accompanying financial statements reflect the results of operations from June 1, 2001. All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at September 30, 2002 and 2001, and its statement of income for the three and nine months ended September 30, 2002 and the three and four months ended September 30, 2001, and its statement of cash flows for the nine and four months ended September 30, 2002 and 2001, respectively. All such adjustments were of a normal recurring nature.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended September 30, 2002 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. The change in classifications had no effect on previously reported net income.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$5,423 and \$4,640 for the three months ended September 30, 2002 and 2001, respectively, and \$14,714 and \$6,259 for the nine and four months ended September 30, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$949 and \$532 for the three months ended September 30, 2002 and 2001, respectively, and \$2,518 and \$721 for the nine and four months ended September 30, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

On June 1, 2001, BSI acquired the Net Assets of CPPI and ACBA, in a transaction which was accounted for using the purchase method of accounting.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The adoption of SFAS 142 had no effect on the Company's financial position and results of operations. Prior to the adoption of SFAS 142, the excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) had been amortized on the straight-line method over forty years.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at September 30, 2002 and 2001.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including legal services, advertising, sales and marketing services, purchasing and other administrative and accounting departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases a parking lot from Caesars Atlantic City, which is used for employee parking.

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Income tax assets and liabilities for permanent and temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$736; 2001, \$814)	\$ 339	\$ 900
Receivable from Sands Hotel and Casino	534	1,084
Receivable from multi-casino slot trusts	157	384
Other (net of allowance for doubtful accounts – 2002 and 2001, \$7)	<u>984</u>	<u>681</u>
	<u>\$ 2,014</u>	<u>\$ 3,049</u>

The receivable from Sands Hotel and Casino ("Sands") resulted from the sale of the Claridge's administration building to the Sands in April 2000. A portion of the proceeds of that sale is being realized through the offset of rent payable to the Sands for the "People Mover" (a moving walkway which connects the Claridge Casino Hotel and the Sands to the Boardwalk).

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino Reinvestment Development Authority		
Investment obligations (less valuation reserves		
– 2002, \$4,451; 2001, \$3,875)	\$ 5,527	\$ 4,730
Long-term deposits	<u>251</u>	<u>362</u>
	<u>\$ 5,778</u>	<u>\$ 5,092</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 13,415	\$ 13,415
Buildings and improvements	51,779	51,519
Furniture, fixtures and equipment	13,630	7,323
Construction in progress	<u>4,780</u>	<u>-</u>
	83,604	72,257
Less accumulated depreciation and amortization	<u>(3,908)</u>	<u>(721)</u>
	<u>\$ 79,696</u>	<u>\$ 71,536</u>

NOTE 5 - OTHER ASSETS

Other assets as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Cost in excess of acquired assets (less		
accumulated amortization - 2002, \$260;		
2001, \$145)	\$ 17,581	\$ 17,197
Other	<u>11</u>	<u>26</u>
	<u>\$ 17,592</u>	<u>\$ 17,223</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$ 8,626	\$ 9,619
Insurance claims	1,528	988
Other	<u>2,417</u>	<u>1,450</u>
	<u>\$12,571</u>	<u>\$12,057</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to PPE	\$ 13,013	\$ 6,923
Due to Bally's Atlantic City	1,625	628
Due to affiliates-other	354	-
Unredeemed slot promotions liability	1,253	721
Unredeemed chip and token liability	1,481	1,400
Other	<u>128</u>	<u>230</u>
	<u>\$17,854</u>	<u>\$ 9,902</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of September 30 consist of the following:

	<u>2002</u>	<u>2001</u>
8.5% Note payable to Park Place Finance Corporation due May 31, 2011	<u>\$50,000</u>	<u>\$50,000</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

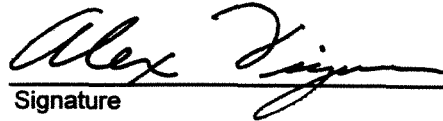
The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays PPE a monthly management fee equal to three percent of revenues, as defined.

NOTE 10 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Vice President/Chief Financial Officer
Title

#7438-11
License Number

On Behalf Of:
Bally's Skyscraper, Inc.
Casino Licensee